

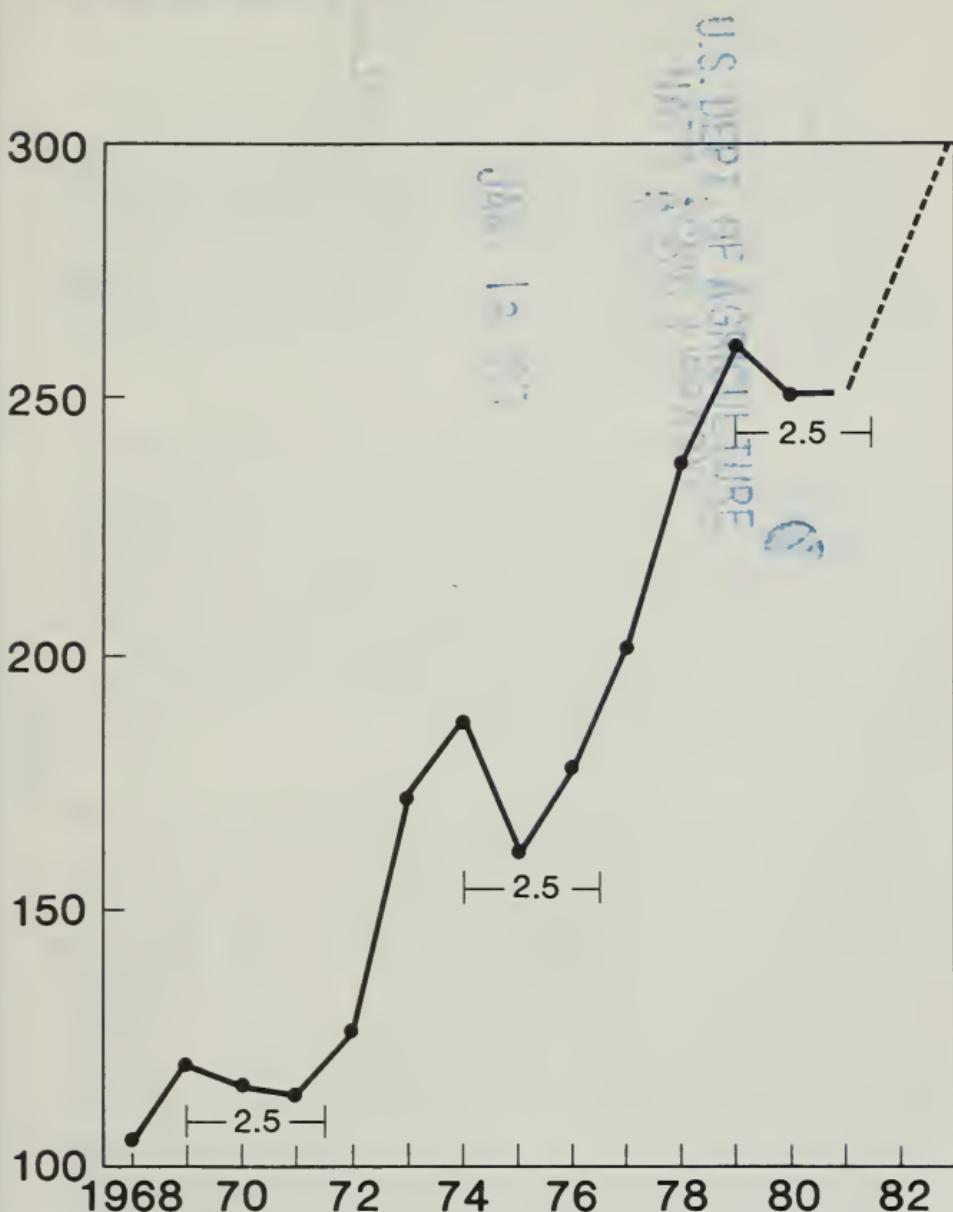
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When Times are Good Again for Furniture and Kitchen Cabinet Makers



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When Times are Good Again for Furniture and Kitchen Cabinet Makers//

by Hugh W. Reynolds

A poor economy affects furniture and kitchen cabinet makers. Orders are low and interest rates are high. However, supplies of higher grades of hardwood lumber are adequate and reasonably priced.

When the economy is good, orders increase and furniture manufacturers and kitchen cabinet makers have their plants running near capacity. This causes higher grades of hardwood lumber to become scarce and prices rise rapidly. Usually, furniture and cabinet prices cannot be raised to compensate for the hardwood lumber price rise; so profit margins suffer.

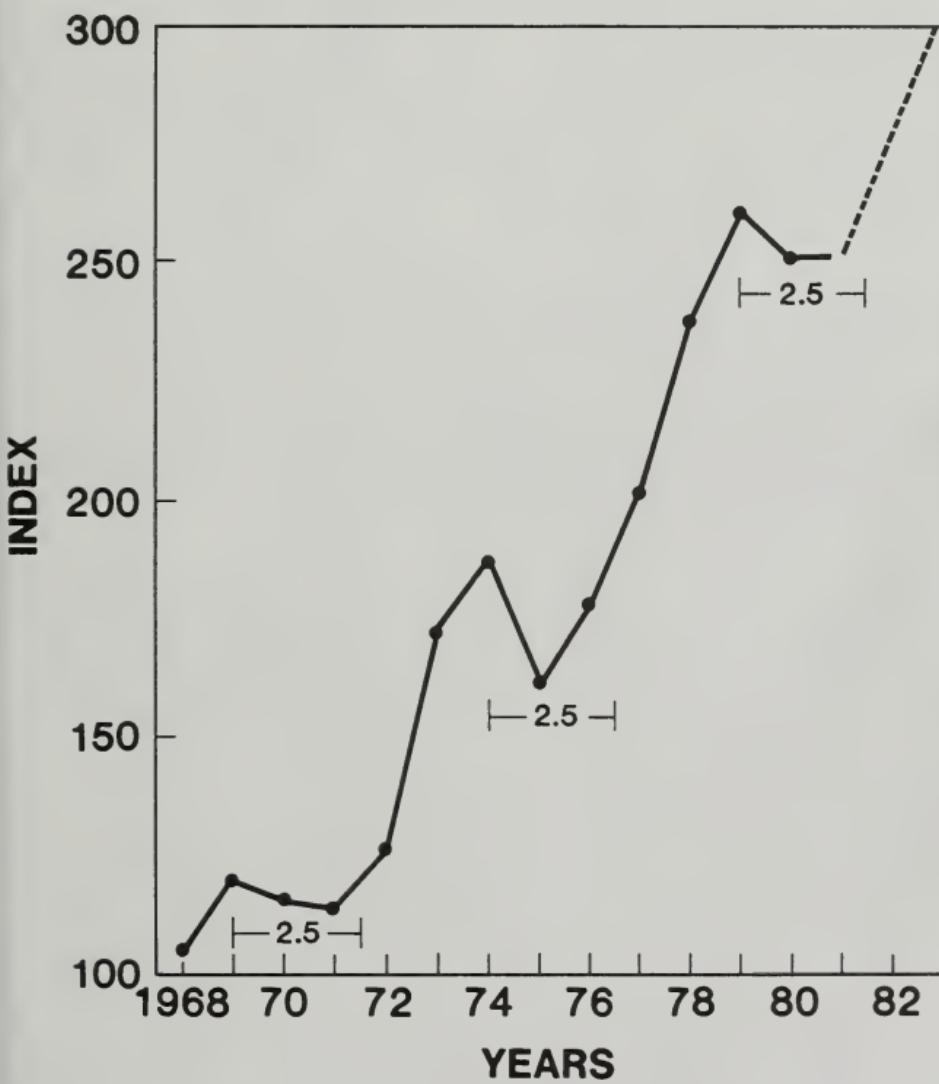
To alleviate this problem, we have developed new methods for converting low-grade hardwood lumber (Gatchell et al. in press) and small hardwood timber (Reynolds and Gatchell 1982) to a high-value end product called blanks. If furniture and cabinet companies convert to blanks, which can be used instead of high-grade lumber, the companies will be able to avoid the high-quality lumber price increases.

Blanks must be priced so that furniture parts made from blanks are no more expensive than those made during poor economic times when lumber prices are low. Therefore, a new system must produce parts that are no more expensive than those produced using high-grade lumber during poor economic times. If the new methods meet this basic criterion, new utilization plants can be built now before the rise in high-grade lumber, and parts produced the new way or the old way will cost the same. But, when the economy is good and high-quality hardwood lumber prices rise, the new plants will offer more stability in prices and profits.

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Now is the time to switch to the less expensive lumber and timber that is always in ample supply. A look at the wholesale hardwood lumber price index for 1968-81 (Fig. 1) indicates why now is the time to act. In 1970, lumber prices dropped and did not recover for about 2-½ years. The same thing happened in 1975. This trend of a fast drop followed by a slow rise for 2-½ years is projected through 1983.

Figure 1. – Wholesale hardwood lumber price index, 1968-81.



The index is made of many lumber prices by species and grades. But, when the 1968-81 prices for No. 1 Common red oak, cherry, hard maple, hickory, and yellow-poplar are considered, the same 2-½-year cycle is found. It seems that all domestic high-grade hardwood lumber is subject to a price rise when the economy is good.

Hardwood sawmillers are not to blame for this situation. Every sawmiller wants to take advantage of the rising demand and to sell a great deal of high-grade, high-value lumber, but it is scarce.

However, much hardwood is available. The No. 2 Common and No. 3A Common lumber made while sawing for high-grade lumber has not been fully utilized by furniture and cabinet people. The small hardwood timber that will not yield high-grade lumber can be used to make blanks. Changing to the new system now can eliminate shortages of furniture lumber and parts.

Literature Cited

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Effect of gang-ripping width on C1F yields from No. 2 Common oak lumber. Forest Products Journal; in press.

Reynolds, Hugh W.; Gatchell, Charles J. **New technology for low-grade hardwood utilization: System 6.** Res. Pap NE-504. Broomall, PA: U.S. Department of Agriculture, Forest Service, Northeastern Forest Experiment Station; 1982. 8 p.